

ACKNOWLEDGMENT AND CONSENT AGREEMENT

Central Illinois Light Company (the "Contracting Party") hereby acknowledges the Security Agreement, dated as of _____, 2000 (as from time to time amended, supplemented or modified, the "Security Agreement"), made by AES Medina Valley Cogen, L.L.C. (the "Borrower"), in favor of Landesbank Hessen-Thüringen Girozentrale, New York Branch, as Collateral Agent (in such capacity, the "Collateral Agent"), for the benefit of various financial institutions providing financing to the Borrower (collectively, the "Secured Parties"), and hereby agrees as follows:

1. The Contracting Party hereby acknowledges and consents to the pledge and assignment of all right, title and interest of the Borrower in, to and under (but not its obligations, liabilities or duties with respect to) the Tolling Agreement, dated _____, 2000, between the Contracting Party and the Borrower (the "Assigned Agreement") by the Borrower to the Collateral Agent pursuant to the Security Agreement.

2. The Contracting Party represents and warrants as follows:

(a) Each of this agreement (this "Consent") and the Assigned Agreement has been duly authorized, executed and delivered by the Contracting Party, is in full force and effect and is a legal, valid and binding obligation of the Contracting Party enforceable against the Contracting Party in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, debt adjustment, moratorium or other similar laws affecting creditors' rights generally. There are no amendments, modifications or supplements (whether by waiver, consent or otherwise) to the Assigned Agreement, either oral or written.

(b) The Borrower has complied with all conditions precedent required to be complied with by or on behalf of the Borrower on or prior to the date hereof pursuant to the Assigned Agreement.

(c) The Contracting Party is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. The Contracting Party has the corporate power to carry on its business as currently being conducted and as proposed to be conducted by it. The Contracting Party has the corporate power and authority to execute and deliver this Consent and the Assigned Agreement and to perform its obligations under each thereof.

(d) The execution and delivery of this Consent and the Assigned Agreement by the Contracting Party did not, and the fulfillment and compliance with the respective provisions hereof and thereof by the Contracting Party do not and will not, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose)

any lien, security interest, charge or encumbrance upon any of the properties or assets of the Contracting Party pursuant to the provisions of, or result in any violation of, the articles or by-laws of the Contracting Party, or any applicable law, statute, rule or regulation, or any agreement, instrument, order, judgment or decree, to which the Contracting Party is subject.

(e) No consent or approval of, or other action by or any notice to or filing with, any court or administrative or governmental body (except those previously obtained) was required in connection with the execution and delivery of the Assigned Agreement, or is required in connection with the execution and delivery of this Consent or the performance by the Contracting Party of its obligations hereunder or thereunder. The Contracting Party has obtained all permits, licenses, approvals, consents and exemptions with respect to the performance of its obligations under this Consent and the Assigned Agreement required by applicable laws, statutes, rules and regulations in effect as of the date hereof

(f) Except as disclosed in filings made with the U.S. Securities and Exchange Commission, there are no proceedings pending or, to the best of the Contracting Party's knowledge, threatened against or affecting the Contracting Party in any court or by or before any governmental authority, arbitration board or tribunal that may result in a material adverse effect upon the property, business, prospects, profits or condition (financial or otherwise) of the Contracting Party, or the ability of the Contracting Party to perform its obligations under this Consent and the Assigned Agreement, and the Contracting Party is not in default with respect to any order of any court, governmental authority, arbitration board or tribunal.

(g) The Contracting Party affirms that it has no notice of any assignment relative to the right, title and interest of the Borrower in, to and under the Assigned Agreement other than the pledge and assignment referred to in paragraph 1.

(h) After giving effect to the pledge and assignment referred to in paragraph 1, and after giving effect to the consent to such pledge and assignment by the Contracting Party, there exists no event or condition (a "Termination Event") that would, either immediately or with the passage of time or giving of notice, or both, entitle either the Contracting Party or the Borrower to terminate or suspend its obligations under the Assigned Agreement and there are no claims or rights of set-off pending by any party to the Assigned Agreement. All amounts due under the Assigned Agreement as of the date hereof have been paid in full.

3. (a) From and after the date hereof and unless and until the Contracting Party shall have received written notice from the Collateral Agent that the lien of the Security Agreement has been released in full, the Collateral Agent shall have the right, but not the obligation, to pay all sums due under the Assigned Agreement by the Borrower and to perform any other act, duty or obligation required of the Borrower thereunder at any time; provided, that no such payment or performance shall be construed as an assumption by the Collateral Agent or

any Secured Party of any covenants, agreements or obligations of the Borrower under or in respect of the Assigned Agreement.

(b) The Contracting Party agrees that it will not terminate or suspend its obligations under the Assigned Agreement without first giving the Collateral Agent notice and opportunity to cure as provided below.

(c) If a Termination Event shall occur, and the Contracting Party shall desire to terminate or suspend its obligations under the Assigned Agreement, the Contracting Party first shall give written notice to the Collateral Agent of such Termination Event, specifying in such notice all then existing Termination Events of which it has knowledge, such notice to be delivered to the Collateral Agent by hand delivery or by means of an independent commercial courier service and to be confirmed, if possible, after reasonable effort, by telephone. If the Collateral Agent elects to exercise its right to cure as herein provided, it shall, within 30 days after the receipt by it of the notice from the Contracting Party referred to in the preceding sentence, deliver to the Contracting Party a written notice stating that it has elected to exercise such right to cure, together with a written statement of the Collateral Agent that it will promptly commence to cure all Termination Events susceptible of being cured by the Collateral Agent, and that it will, during the cure period, diligently attempt in good faith to complete the curing of, to the reasonable satisfaction of the Contracting Party, all such Termination Events.

(d) The Collateral Agent shall have a period of 30 days after delivery of the notice by the Collateral Agent referred to in paragraph 3(c) in which to cure a Termination Event arising as a result of an Event of Default under Section 16.1.1(b) of the Assigned Agreement (a "Payment Event of Default"). As to any other Termination Event, the Collateral Agent shall have a period of 90 days after the delivery of the notice by the Collateral Agent referred to in paragraph 3(c) in which to cure such Termination Event. In the event that any such Termination Event (except a Payment Event of Default) shall be incurable by the Collateral Agent within such 90-day period, the Contracting Party shall not exercise any remedies under the Assigned Agreement if the Collateral Agent shall, within such 90-day period, initiate action to cure such Termination Event and diligently attempt to complete the curing thereof. Any curing of or attempt to cure any Termination Event shall not be construed as an assumption by the Collateral Agent or the Secured Parties of any covenants, agreements or obligations of the Borrower under or in respect of the Assigned Agreement.

(e) If, before the Collateral Agent shall have cured any Termination Event pursuant to paragraph 3(d), the Borrower shall have cured such Termination Event, the Contracting Party promptly shall provide the Collateral Agent with notice of such cure and the discontinuance of such Termination Event.

4. (a) Notwithstanding any provision in the Assigned Agreement to the contrary, in the event of the rejection of the Assigned Agreement by a receiver of the Borrower or otherwise pursuant to bankruptcy or insolvency proceedings, at the Collateral Agent's request, the Contracting Party will enter into a new agreement with the Collateral Agent or with the Collateral Agent's nominee, for the remainder of the originally scheduled term of the Assigned Agreement, effective as of the date of such rejection, with the same covenants, agreements, terms,

provisions and limitations as are contained in the Assigned Agreement.

(b) If the Collateral Agent or its nominee is prohibited by any process or injunction issued by any court having jurisdiction of any bankruptcy or insolvency proceeding involving the Borrower, from continuing the Assigned Agreement in place of the Borrower or from otherwise exercising any of its rights or remedies hereunder or under the Security Agreement in respect of the Assigned Agreement, then the times specified herein for the exercise by the Collateral Agent of any right or benefit granted to it hereunder (including without limitation the time period for the exercise of any cure rights granted hereunder) shall be extended for the period of such prohibition; provided, that the Collateral Agent is diligently pursuing such rights or remedies (to the extent permitted) in such bankruptcy or insolvency proceeding or otherwise.

5. The Contracting Party acknowledges that upon an event of default by the Borrower under the Security Agreement, the Collateral Agent may (but shall not be obligated to) assume, or cause any purchaser at any foreclosure sale or any assignee or transferee under any instrument of assignment or transfer in lieu of foreclosure to assume, all of the interests, rights and obligations of the Borrower thereafter arising under the Assigned Agreement. If the interest of the Borrower in the Assigned Agreement shall be assumed, sold or transferred as hereinbefore provided, the assuming party shall agree in writing to be bound by and to assume the terms and conditions of the Assigned Agreement and any and all obligations to the Contracting Party arising or accruing thereunder from and after the date of such assumption, and the Contracting Party shall continue to perform its obligations under the Assigned Agreement in favor of the assuming party as if such party had thereafter been named as the Borrower under the Assigned Agreement; provided that if the Collateral Agent (or any entity acting on behalf of the Collateral Agent or any of the other Secured Parties) assumes the Assigned Agreement as provided above, it shall not be personally liable for the performance of the obligations thereunder except to the extent of all of its right, title and interest in and to the Project (as defined in the Security Agreement). Notwithstanding any such assumption or disposition by the Collateral Agent, a purchaser, an assignee or a transferee, the Borrower shall not be released or discharged from and shall remain liable for any and all of its obligations to the Contracting Party arising or accruing under the Assigned Agreement prior to such assumption.

6. The Contracting Party shall make all payments due to the Borrower under the Assigned Agreement to _____, as Depository Agent to Account No. _____, ABA No. _____. All parties hereto agree that each payment by the Contracting Party to the Depository Agent of amounts due to the Borrower from the Contracting Party under the Assigned Agreement shall satisfy the Contracting Party's corresponding payment obligation under the Assigned Agreement.

7. No amendment or modification of, or waiver by or consent of the Borrower in respect of, any provision of the Assigned Agreement shall be effective unless the same shall be in writing and the Collateral Agent shall have given its prior written consent thereto.

8. Notice to any party hereto shall be deemed to be delivered on the earlier of: (a) the date of personal delivery and (b) if deposited in a United States Postal Service depository,

postage prepaid, registered or certified mail, return receipt requested, addressed to such party at the address indicated below (or at such other address as such party may have theretofore specified by written notice delivered in accordance herewith), upon delivery or refusal to accept delivery, in each case as evidenced by the return receipt:

The Collateral Agent: Landesbank Hessen-Thüringen Girozentrale,
New York Branch
420 Fifth Avenue
New York, New York 10018-2729
Attention: Structured Finance

The Borrower: AES Medina Valley Cogen, L.L.C.
c/o AES Medina Valley Operations, L.L.C.
Attention: Facility Manager
1823 Neal Lane
Mossville, Illinois 61552

The Contracting Party: Central Illinois Light Company
Attn: Robert Ferlmann
300 Liberty Street
Peoria, Illinois 61602
Phone: 309/677-5163
Fax: 309/677-5506

9. This Consent shall be binding upon and shall inure to the benefit of the successors and assigns of the Contracting Party, and shall inure to the benefit of the Collateral Agent, the Secured Parties and their respective successors, transferees and assigns.

10. This Consent may be executed in one or more counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

11. THIS CONSENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICT OF LAWS.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Consent as of the _____ day of __, ____.

CENTRAL ILLINOIS LIGHT COMPANY

By: _____
Name: _____
Title: _____

LANDESBANK HESSEN-THÜRINGEN
GIROZENTRALE, NEW YORK BRANCH,
as Collateral Agent

By: _____
Name: _____
Title: _____

Acknowledged and Agreed:

AES MEDINA VALLEY COGEN, L.L.C.

By: _____
Name: _____
Title: _____

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CHIDOC02:359970.2